

## Schedule III

Taxpayers filing a partial-year resident or nonresident return must complete [Nebraska Schedule III](#) to calculate the tax on their income derived from or connected with Nebraska sources. Partial-year residents or nonresidents complete Form 1040N through line 14, then complete Nebraska Schedule III and transfer the amount of computed tax and other tax amounts to lines 15 and 16, Form 1040N. Additionally, if the taxpayer is entitled to receive the Nebraska earned income credit (EIC), the computed Schedule III EIC amounts must be transferred to lines 97, 98, and 33 of Form 1040N.

**IncomeDerivedFromNESources** – This optional element is a complex type used to report all income from Nebraska sources. Each income source must be identified by description and amount.

Partial-year residents and nonresidents must include all sources of income as described in [Individual Income Tax Reg-22-003](#). Additionally, partial-year residents must include all income earned while a Nebraska resident that is not taxed by another state. See [Reg-22-004](#).

Because of the federal Servicemembers Civil Relief Act, Nebraska cannot tax the earned income of a servicemember's spouse when the spouse has the same state of residence as the servicemember and is in Nebraska only in support of the servicemember. The spouse's income should not be included as Nebraska source income on line 77. If the spouse's employer withheld Nebraska income tax, the description element should be "Exempt Nonresident Military Spouse." For more information, see the "[Nebraska Income Tax for U.S. Military Servicemembers, Their Spouses, and Civilians Working with U.S. Forces](#)" information guide.

X-Path – ReturnState/ReturnDataState/SchIII/IncomeDerivedFromNESources

Type – USItemizedEntryType

Use – Optional

Applicable Business Rules

Tax Year 2014

Line Number

Federal X-paths

Federal Line #

**Desc** – This element describes each type of income attributable to Nebraska for a partial-year resident or nonresident taxpayer. Examples of Nebraska source income include:

- Wages, Salaries, Tips, and Commissions. Report the income shown as Nebraska source from all Forms W-2, Forms 1099, Nebraska Schedules K-1N, or other books and records.
  - When the employer does not identify "NE" specifically on the forms, the Nebraska income must be determined by apportionment. The apportionment may be based either on the number of days worked in Nebraska to total days worked, or on the volume of business transacted. When income is apportioned, documentation should be retained by the taxpayer for a minimum of three years.
- Nebraska Unemployment Compensation.
- Severance Payments. List the severance payments connected to Nebraska employment.
- Dividends, Interest, and Other Passive Income. List gains or losses from the sale of stock or securities for a nonresident only if they were earned from a business operating in Nebraska. Do not include amounts of income from U.S. government obligations which you listed on lines 55 and 56 and which were reported as a deduction on line 57.
- Business Income. List the net income or loss from a business, trade, or profession carried on in Nebraska. Multi-state businesses with taxable income in more than one state must apportion income using the same method as a corporation (corporations use a single factor, sales-only formula to apportion income to Nebraska). (Refer to the [Nebraska Corporation Income Tax, Form 1120N instructions](#) for additional information.)

- Calculate the apportionment factor to a least five decimal places and round to four decimal places.
  - Multiply the total business income by the calculated apportionment factor to determine the amount of income you must include in the **AMOUNT** element, line 77b.
- Farming and Ranching Income. List net income or loss from farming and ranching operations carried on in Nebraska.
- Partnership, S Corporation, LLC, Estate, or Trust. List the individual's share of the entity's income and deductions derived from Nebraska sources.
- Gain or Loss. List all capital gains and losses derived in Nebraska from the sale, exchange, or involuntary conversion of real property, tangible personal property, or intangible property.
- Rent and Royalty Income. List the rent and royalty income derived from or connected with Nebraska sources.
- Lottery Prizes. List all prizes awarded in a lottery game conducted pursuant to the [Nebraska Lottery Act](#).
- Net Operating Loss Carryforward. List the loss only if it resulted from Nebraska sources. Also, attach a completed Nebraska [Form NOL Worksheet](#), for each loss year, to your return to claim the loss.
- Financial Institution Tax Credit Claimed. List this amount if the credit is claimed and reported on line 48.

X-Path – ReturnState/ReturnDataState/SchIII/IncomeDerivedFromNESources/Desc  
 Type – LineExplanationType  
 Use – Required  
 Applicable Business Rules –  
 Tax Year 2014  
 Line Number – 77a  
 Federal X-paths  
 Federal Line #

**Amt** – This element is the amounts included on your federal income tax return derived from or connected with Nebraska sources and must correspond with each **Desc** element, line 77a.

X-Path – ReturnState/ReturnDataState/SchIII/IncomeDerivedFromNESources/Amt  
 Type – USAmountType  
 Use – Required  
 Applicable Business Rules –  
 Tax Year 2014  
 Line Number – 77b  
 Federal X-paths  
 Federal Line #

**TotIncomeDerivedFromNESources** – This optional element is the total of all **Amt** elements, line 77b.

X-Path – ReturnState/ReturnDataState/SchIII/TotIncomeDerivedFromNESources  
 Type – USAmountType  
 Use – Optional  
 Applicable Business Rules – S3-0008  
 Tax Year 2014  
 Line Number – 77  
 Federal X-paths  
 Federal Line #

**AdjAsAppliedToNEIncome** – This optional element is a complex type used when adjustments to income were claimed on lines 16-19 of Federal Form 1040A or lines 23-35 of Federal Form 1040. The portion of these amounts attributable to Nebraska may be allowed as a deduction on line 78.

X-Path – ReturnState/ReturnDataState/SchIII/AdjAsAppliedToNEIncome

Type – USItemizedEntryType

Use – Optional

Applicable Business Rules –

Tax Year 2014

Line Number –

Federal X-paths

Federal Line #– Lines 16-19, Federal Form 1040A and lines 23-35, Federal Form 1040

**Desc** – This element describes each type of adjustment attributable to Nebraska for a partial-year resident or nonresident taxpayer. See the specific instructions on the Department's [website](#) to determine the allowable types and amounts of adjustments for line 78.

X-Path – ReturnState/ReturnDataState/SchIII/AdjAsAppliedToNEIncome/Desc

Type – LineExplanationType

Use – Required

Applicable Business Rules –

Tax Year 2014

Line Number – 78a

Federal X-paths

Federal Line #

**Amt** – This element is the amounts included on your federal income tax return as adjustments to income. Include only the portion attributable to Nebraska.

X-Path – ReturnState/ReturnDataState/SchIII/AdjAsAppliedToNEIncome/Amt

Type – USAmountType

Use – Required

Applicable Business Rules –

Tax Year 2014

Line Number – 78b

Federal X-paths

Federal Line #

**TotAdjAsAppliedToNEIncome** – This optional element is the total of all **Amt** elements, line 78b.

X-Path – ReturnState/ReturnDataState/SchIII/TotAdjAsAppliedToNEIncome

Type – USAmountNNTType

Use – Optional

Applicable Business Rules –S3-0012

Tax Year 2014

Line Number – 78

Federal X-paths

Federal Line #

**NebraskaAGI** – This optional element is the income attributable to Nebraska and is the result of the **TotIncomeDerivedFromNESources** element, line 77, minus the **TotAdjAsAppliedToNEIncome** element, line 78.

X-Path – ReturnState/ReturnDataState/SchIII/NebraskaAGI

Type – USAmountType

Use – Optional

Applicable Business Rules – S3-0100

Tax Year 2014

Line Number – 79

Federal X-paths

Federal Line #

**NebraskaShareRatio** – This element is a ratio that represents Nebraska’s share of total income. To calculate the ratio, use the **NebraskaAGI** element, line 79, as the numerator, and the total of the **AGI** element, line 5, Form 1040N plus the **AdjustmentsIncreasingAGI** element, line 12, Form 1040N minus the **AdjustmentsDecreasingAGI** element, line 13, Form 1040N, as the denominator.

$$\frac{\text{Line 79}}{\text{Line 5} + \text{Line 12} - \text{Line 13}}$$

Calculate the ratio to at least six decimal places, and then round to five decimal places. If the ratio computed in line 80 exceeds 100%, set to 1.00000.

X-Path – ReturnState/ReturnDataState/SchIII/NebraskaShareRatio  
Type – RatioType  
Use – Required  
Applicable Business Rules – S3-0019  
Tax Year 2014  
Line Number – 80  
Federal X-paths  
Federal Line #

**TaxTableIncome** – This optional element is equal to the **TaxTableIncome** element, line 14, Form1040N.

X-Path – ReturnState/ReturnDataState/SchIII/TaxTableIncome  
Type – USAmountNNTType  
Use – Optional  
Applicable Business Rules – S3-0024  
Tax Year 2014  
Line Number – 81  
Federal X-paths  
Federal Line #

**ComputedNebraskaTax** – This optional element is a complex type that represents the total Nebraska tax on the **TaxTableIncome** element before credit for personal exemption or application of the **NebraskaShareRatio** element computed in line 80.

X-Path – ReturnState/ReturnDataState/SchIII/ComputedNebraskaTax  
Type – NeS3ComputedNebraskaTaxType  
Use - Optional  
Applicable Business Rules –  
Tax Year 2014  
Line Number – N/A  
Federal X-paths  
Federal Line #

**TaxOnTaxTableIncomeAmt** – This element is the amount of tax calculated using the Nebraska Tax Calculation Schedule to calculate tax on the **TaxTableIncome** element.

X-Path – ReturnState/ReturnDataState/SchIII/ComputedNebraskaTax/  
TaxOnTaxTableIncomeAmt  
Type – USAmountNNTType  
Use – Required  
Applicable Business Rules – S3-0028  
Tax Year 2014  
Line Number – 82a  
Federal X-paths  
Federal Line #

**AdditionalTaxRtScheduleTaxAmt** – This optional element is used when the **AGI** element, line 5, Form 1040N, exceeds the applicable threshold amount and requires calculation of additional tax. See the [Additional Tax Rate Schedule](#) for additional information.

X-Path – ReturnState/ReturnDataState/SchIII/ComputedNebraskaTax/  
AdditionalTaxRtScheduleTaxAmt  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules – S3-0031  
Tax Year 2014  
Line Number – 82b  
Federal X-paths  
Federal Line #

**SubtotalScheduleIIITaxAmt** – This element is the total of the **TaxOnTaxTableIncomeAmt** element, line 82a, plus the **AdditionalTaxRtScheduleTaxAmt** element, line 82b.

X-Path – ReturnState/ReturnDataState/SchIII/ComputedNebraskaTax/  
SubtotalScheduleIIITaxAmt  
Type – USAmountNNTYPE  
Use – Required  
Applicable Business Rules – S3-0087  
Tax Year 2014  
Line Number – 82c  
Federal X-paths  
Federal Line #

**S3ElderlyDisabledCreditAmt** – This optional element is the amount from the **CreditForElderlyOrDisabledAmt** element, line 32 of Federal Form 1040A, or the **OtherCreditsAmt** element, line 54, and box C of Federal Form 1040.

X-Path – ReturnState/ReturnDataState/SchIII/ComputedNebraskaTax/  
S3ElderlyDisabledCreditAmt  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules –  
Tax Year 2014  
Line Number – 82d  
Federal X-paths  
Federal Line #

**S3ChildDependCareCreditAmt** – This optional element allows partial-year resident taxpayers with AGI greater than \$29,000 to claim a credit for child and dependent care. (If AGI is \$29,000 or less, see line 31, Form 1040N instructions). Multiply the amount on line 31 of Federal Form 1040A, or line 49 of Federal Form 1040, by 25% (.25). A copy of Federal Form 2441 must be included with the file. If Form 2441 is not received, the credit will be disallowed. Form 2441N is not required for the nonrefundable credit since it is based on the federal amount allowed. Taxpayers who are married, filing separately on their Nebraska return cannot claim this Nebraska credit.

Partial-year residents with federal AGI of \$29,000 or less do not claim child care credit here. Instead, complete the **ChildCareRefundableCredit** element, line 31, Form 1040N.

X-Path – ReturnState/ReturnDataState/SchIII/ComputedNebraskaTax/S3ChildDependCareCreditAmt

Type – USAmountNNTYPE

Use – Optional

Applicable Business Rules –

Tax Year 2014

Line Number – 82e

Federal X-paths – Return/ReturnData/IRS1040A/CreditForChildAndDepdCareAmt

Return/ReturnData/IRS1040/CreditForChildAndDepdCareAmt

Federal Line #s — Line 31, Federal Form 1040A and line 49, Federal Form 1040

**S3TotPartYrResNonrefCreditsAmt** – This optional element is the total of any credits entered in the **S3ElderlyDisabledCreditAmt** element and the **S3ChildDependCareCreditAmt** element.

X-Path – ReturnState/ReturnDataState/SchIII/ComputedNebraskaTax/

S3TotPartYrResNonrefCreditsAmt

Type – USAmountNNTYPE

Use – Optional

Applicable Business Rules – S3-0094

Tax Year 2014

Line Number – 82f

Federal X-paths

Federal Line #

**NebraskaNonResPyrResTaxAmt** – This element is the total tax, line 82. To calculate the tax for partial-year residents, take the **SubtotalScheduleIIITaxAmt**, line 82c, element minus the **S3TotPartYrResNonrefCreditsAmt** element, line 82f, if any.

Nonresidents should bring forward line 82c to line 82. Beginning with tax year 2014, nonresidents cannot claim any credits on lines 82d or 82e.

X-Path – ReturnState/ReturnDataState/SchIII/NebraskaNonResPyrResTaxAmt

Type – USAmountNNTYPE

Use – Required

Applicable Business Rules – S3-0047 & S3-0088

Tax Year 2014

Line Number – 82

Federal X-paths

Federal Line #

**PersonalExemptionCredit** – This optional element is the Nebraska personal exemption credit allowed for each individual claimed on the federal return. The credit is equal to \$128 multiplied by the number of exemptions shown on the NumFedExemptions element, line 4, Form 1040N.

X-Path – ReturnState/ReturnDataState/SchIII/PersonalExemptionCredit

Type – USAmountNNTYPE

Use – Optional

Applicable Business Rules – S3-0051

Tax Year 2014

Line Number – 83

Federal X-paths

Federal Line #

**TaxAfterPEC** – This optional element is the result of the **NebraskaNonResPyrResTax** element, line 82, minus the **PersonalExemptionCredit** element, line 83. If the result is less than \$0, enter -0- here, and if you have any other tax due, transfer any unused personal exemption credit to line 86e.

X-Path – ReturnState/ReturnDataState/SchIII/TaxAfterPEC  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules – S3-0089  
Tax Year 2014  
Line Number – 84  
Federal X-paths  
Federal Line #

**NebraskaIncomeTax** – This optional element is the result of the **TaxAfterPEC** element, line 84, multiplied by the **NebraskaShareRatio** element, line 80.

X-Path – ReturnState/ReturnDataState/SchIII/NebraskaIncomeTax  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules – S3-0057  
Tax Year 2014  
Line Number – 85  
Federal X-paths  
Federal Line #

**S3OtherTax** – This optional element is used for partial-year residents and nonresidents to report other taxes (**Fed4972LumpSumDistributions** and **Fed5329EarlyDistributions**) as they apply to the Nebraska return.

The result of the line 86 calculation will be shown on the **F1040NOtherTax** element, line 16 (Form 1040N).

X-Path – ReturnState/ReturnDataState/SchIII/S3OtherTax  
Type – NeS3OtherTaxType  
Use – Optional  
Applicable Business Rules –  
Tax Year 2014  
Line Number –  
Federal X-paths  
Federal Line #

**OtherTaxWrkshtTotalAmt** – This complex type is used to identify each element used in computing other taxes for partial-year residents or nonresidents.

X-Path – ReturnState/ReturnDataState/SchIII/S3OtherTax/OtherTaxWrkshtTotalAmt  
Type – NeSchIIIMinOthTaxType  
Use – Required  
Applicable Business Rules –  
Tax Year 2014  
Line Number – N/A  
Federal X-paths  
Federal Line #

**S3Fed4972LumpSumDistrAmt** – This optional element is used when partial-year residents and nonresidents are required to complete Federal Form 4972. The amount entered here must be the total amount from the Federal Form 4972 even if this is not Nebraska source income.

X-Path – ReturnState/ReturnDataState/SchIII/S3OtherTax/OtherTaxWrkshtTotalAmt/  
S3Fed4972LumpSumDistrAmt  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules –  
Tax Year 2014  
Line Number – 86a  
Federal X-paths  
Federal Line #

**S3Fed5329EarlyDistributionsAmt** – This optional element is used when partial-year residents and nonresidents are required to complete Federal Form 5329 or line 59 of Federal Form 1040. The amount entered here, which is the lesser of the amounts calculated on the Federal Form 5329 or line 59 of Federal Form 1040, must be the total amount from the Federal Form 5329 or line 59 of Federal Form 1040, even if this is not Nebraska source income.

X-Path – ReturnState/ReturnDataState/SchIII/S3OtherTax/OtherTaxWrkshtTotalAmt/  
S3Fed5329EarlyDistributionsAmt  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules –  
Tax Year 2014  
Line Number – 86b  
Federal X-paths  
Federal Line #

**S3OtherTaxSubtotalAmt** – This optional element is the total of the **S3Fed4972LumpSumDistrAmt** element, line 86a, and the **S3Fed5329EarlyDistributionsAmt** element, line 86b.

X-Path – ReturnState/ReturnDataState/SchIII/S3OtherTax/OtherTaxWrkshtTotalAmt/  
S3OtherTaxSubtotalAmt  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules – S3-0090  
Tax Year 2014  
Line Number – 86c  
Federal X-paths  
Federal Line #

**SubtotalMultipliedBy296Amt** – This element is the **S3OtherTaxSubtotalAmt** element, line 86c, multiplied by .296 (29.6%).

X-Path – ReturnState/ReturnDataState/SchIII/S3OtherTax/OtherTaxWrkshtTotalAmt/  
SubtotalMultipliedBy296Amt  
Type – USAmountNNTYPE  
Use – Required  
Applicable Business Rules – S3-0091  
Tax Year 2014  
Line Number – 86d  
Federal X-paths  
Federal Line #

**UnusedPECAmt** – This optional element applies when less than the entire **PersonalExemptionCredit** element, line 83, has been used in the **TaxAfterPEC** element, line 84 calculation. The **UnusedPECAmt** element only exists if the **PersonalExemptionCredit** element, line 83, exceeds the **NebraskaNonResPyrResTax** element, line 82e, amount.

X-Path – ReturnState/ReturnDataState/SchIII/S3OtherTax/UnusedPECAmt  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules –  
Tax Year 2014  
Line Number – 86e  
Federal X-paths  
Federal Line #

**OtherTaxLessPECAmt** – This element is the result of the **SubtotalMultipliedBy296Amt** element, line 86d, minus the **UnusedPECAmt** element, line 86e, if any.

X-Path – ReturnState/ReturnDataState/SchIII/S3OtherTax/OtherTaxLessPECAmt  
Type – USAmountNNTYPE  
Use – Required  
Applicable Business Rules – S3-0092  
Tax Year 2014  
Line Number – 86f  
Federal X-paths  
Federal Line #

**S3TotOtherTaxAmt** – This optional element is the result the **OtherTaxLessPECAmt** element, line 86f, multiplied by the **NebraskaShareRatio** element, line 80. The amount in this element must be transferred to the **F1040NOtherTaxAmt** element, line 16, Form 1040N.

X-Path – ReturnState/ReturnDataState/SchIII/S3TotOtherTaxAmt  
Type – USAmountNNTYPE  
Use – Optional  
Applicable Business Rules – S3-0093  
Tax Year 2014  
Line Number – 86  
Federal X-paths  
Federal Line #

**EarnedIncomeCredit** – This optional element is a complex type used by partial-year residents who have a federal EIC to claim the Nebraska EIC. If **FilingStatus** is 3 (married, filing separately), this credit cannot be claimed.

The allowable credit is 10% of the federal EIC multiplied by the **NebraskaShareRatio** element calculated on line 80. Enter the result on line 87 and on the **CalcNebrEarnedIncomeCredit** element, line 33, Form 1040N. Nonresidents may not claim the Nebraska EIC.

X-Path – ReturnState/ReturnDataState/SchIII/EarnedIncomeCredit  
Type – NES3EarnedIncomeCreditType  
Use – Optional  
Applicable Business Rules –  
Tax Year 2014  
Line Number –  
Federal X-paths  
Federal Line #

**EICNumberOfChildren** – This element is the number of qualifying children from the Federal Schedule EIC and must be transferred to the **EICNumberOfChildren** element, line 97 of Form 1040N. Use the enumerated list to select 0, 1, 2, or 3 for the number of children.

X-Path – ReturnState/ReturnDataState/SchIII/EarnedIncomeCredit/EICNumberOfChildren  
Type – NeEICNumberQualChildrenType  
Use – Required  
Applicable Business Rules –  
Tax Year 2014  
Line Number – 87a  
Federal X-paths  
Federal Line #

**FederalEarnedIncomeCredit** – This element is the federal EIC as shown on the federal return and must be transferred to the **FederalEarnedIncomeCredit** element, line 98 of Form 1040N.

X-Path – ReturnState/ReturnDataState/SchIII/EarnedIncomeCredit/FederalEarnedIncomeCredit  
Type – USAmountNNTType  
Use – Required  
Applicable Business Rules – S3-0079  
Tax Year 2014  
Line Number – 87b  
Federal X-paths – Return/ReturnData/IRS1040EZ/EarnedIncomeCreditAmt;  
Return/ReturnData/IRS1040A/EarnedIncomeCreditAmt;  
Return/ReturnData/IRS1040/EarnedIncomeCreditAmt  
Federal Line # – Line 8a, Federal Form 1040EZ; line 42a, Federal Form 1040A; line 66a,  
Federal Form 1040

**NebraskaEICSubtotal** – This optional element is the result of the **FederalEarnedIncomeCredit** element, line 87b, multiplied by .10 (10%) when line 87b is \$5 or greater.

X-Path – ReturnState/ReturnDataState/SchIII/NebraskaEICSubtotal  
Type – USAmountNNTType  
Use – Optional  
Applicable Business Rules –S3-0080  
Tax Year 2014  
Line Number – 87  
Federal X-paths  
Federal Line #

**NebraskaEarnedIncomeCredit** – This optional element is the result of the **NebraskaEICSubtotal** element, line 87, multiplied by the **NebraskaShareRatio** element, line 80. Transfer this line to the **CalcNebrEarnedIncomeCredit** element, line 33 of Form 1040N.

X-Path – ReturnState/ReturnDataState/SchIII/NebraskaEarnedIncomeCredit  
Type – USAmountNNTType  
Use – Optional  
Applicable Business Rules –S3-0083; S3-0084; S3-0086  
Tax Year 2014  
Line Number – 88  
Federal X-paths  
Federal Line #